

0F72-5618

MINUTES

DD/S STAFF MEETING

21 March 1972

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2. Impact of the New Executive Order on Security Classification and Declassification - [redacted]

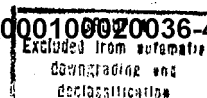
a. [redacted] stated that the new Executive Order was born, like a similar 1963 Executive Order, out of reaction. In 1963, the press wrote that the people were not being advised of their government's activities. During 1963, the Restricted classification was dropped. The new Executive Order was born out of a wider range of reaction including the press, historical societies and the Congress.

b. On 8 March 1972, the new Executive Order, Executive Order 11652, was issued by the White House with an effective date of 1 June 1972. Hearings on the new Executive Order were started by the Congress on 8 March 1972.

c. Impact of New Executive Order

<u>OLD</u>	<u>NEW</u>
(1) Security classifications: Top Secret, Secret and Confidential	Same
(2) Item could be classified if <u>damage</u> to the <u>national defense</u> is involved.	Item could be classified if it <u>reasonably</u> could be expected to cause <u>damage</u> to the <u>national security</u> .
(3) Emphasis on damage to the national defense	Emphasis on damage to the national security including foreign policy.
(4) N/A	Closer to the Freedom of Information Act which includes foreign policy and national defense.

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- (5) Applied to 38 Federal agencies Applies to 12 Federal agencies plus those agencies which the Executive Office of the President may designate.
- (6) Top Secret - "anybody employed" could so classify. Top Secret - principal heads and major deputies of the designated agencies.
- (7) CIA had 3,500 people who could classify items Top Secret. CIA will have 760 people who can classify items Top Secret.
- (8) People who classified items would review information to be declassified. Head of designated agencies may delegate authority to people to declassify items who have no authority to classify items.
- (9) N/A Each person who has the authority to classify an item shall be responsible for the classification he or she gives -- a person can be reprimanded for overclassifying.
- (10) N/A Name of the classifier or a system to identify the classifier will be placed on each classified item.
- (11) For declassification purposes, the old Executive Order listed Group I, II, III or IV. New Order abolishes Groups. There will be a general declassification schedule. Top Secret to be declassified after 10 years. Secret to be declassified after 8 years. Confidential to be declassified after 6 years. The new Executive Order provides for exceptions to this schedule which CIA can take advantage.
- (12) N/A Automatic declassification of any classified item after 30 years unless an agency head requests that an item still remain classified.

25X1A d. [] noted four specific exemptions to automatic declassification contained in the Executive Order 11652:

- (1) Matter furnished by a foreign government;

(2) Matter which would disclose intelligence sources and methods;

(3) Matter which would disclose plans, projects, installations, or systems whose continued protection is needed for purposes of national security; and

(4) Matter the disclosure of which would place a person in immediate jeopardy.

e. For all information classified before the effective date of the new Executive Order and now in the hands of the Archivist, Mr. [] stated that the Archivist will determine if such classified information can be declassified.

f. [] stated that the new Executive Order is not complete. He also mentioned that an Inter-Agency Review Committee under the NSC, with a chairman to be designated by the President, will be established. This Review Committee (possibly made up of members from State, Justice, AEC, DOD and CIA) will monitor agency compliance, implementation and internal or external complaints regarding the new Executive Order. The implementation regulations and procedures of the various agencies bound by the new Executive Order will go to the Review Committee for approval. Each agency will have to monitor its internal compliance with the substance of the new Executive Order.

g. In closing [] stated that he felt the CIA can operate under the new Executive Order 11652 as it now exists.

3. Fiscal Year Treatment of Funds Transfers -- []

a. [] spoke on Fiscal Year Treatment of Funds Transfers involving procurement of services and/or material, and in some cases construction and purchase of real property. He was specifically addressing the transfer of funds under Sec. 601 of the Economy Act and Sec. (5) of PL 81-110.

b. The ~~Comptroller General~~ ^{OGC} has made recent rulings involving the principle of annuality of funds. This principle states that an agency cannot obligate funds in a fiscal year subsequent to the fiscal year during which the funds were transferred.

c. [] stated that during 1971 Congress did away with No-Year Funds. Now there are funds appropriated on a 2 or 3

year basis. For example, R&D funds used to be appropriated on a No-Year basis. Now R&D funds are appropriated on a two year basis (i.e., must be obligated within two fiscal years).

d. Transfers of funds between agencies under the Economy Act or Sec. (5) of PL 81-110 must state the limitations on when the funds must be obligated (i.e., appropriation year).

e. Regarding Sec. (5) of PL 81-110 transfers, [redacted] noted that Sec. (5) transfers are used very few times outside of our basic funding coming through [redacted] CIA receives some Sec. (5) transfers from [redacted] in cases like the recent Pay Act. [redacted] noted that [redacted] would like to classify "switchback transfers" involving Vietnam and other Southeast Asia funds as Sec. (5) transfers. The Agency would rather have such transfers be Economy Act transfers.

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f. [redacted] went on to state that he cannot contemplate using Sec. (5) transfers very often since each such transfer must be approved by OMB. Sec. (5) transfers are really a transfer of appropriations versus an advance of funds.

g. [redacted] pointed out several features of funds transferred under the Economy Act (31 U.S.C.A. 686):

(1) The funds remain subject to the limitations of the appropriation from which transferred;

(2) Funds must be used solely for the objects and purposes for which originally appropriated;

(3) The transferred funds may be credited to the appropriation to replace stock items, else, the funds go to the Treasury of the United States;

(4) The transferred funds cannot be used for purposes not authorized; and

(5) The transferred funds can be in reimbursement for normal functions of the procuring and issuing agencies.

h. After [redacted] presentation, Mr. Blake stated that the conditions for transfers of fiscal year funds between agencies (especially the principle of annuality) will pose problems regarding large scale construction projects spaced over several years. [redacted] suggested that there be early negotiation of contracts between agencies and better planning.

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4. Mr. Coffey noted that the new DDCI's confirmation hearings before Congress may begin by Thursday, 23 March 1972. The bulk of the briefings for the new DDCI have not yet taken place.

25X1A 5. Mr. Coffey reported, per Mr. Yale and [redacted] at [redacted] getting along reasonably well.

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6. Around the Table

25X1A [redacted] reported that there are five Agency nominees for the Foreign Affairs Executive Seminar beginning on 5 May 1972. The present CT class has a more interesting ethnic mix. Finally, there are 24 women in training
25X1A [redacted] Five are in the Basic Operations Course. The other 19 are participants in the Advanced Operations Course or the Open Grid.

*Copy circulated to all Div. & Staff Chiefs
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